

Message Text

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L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
HA-05 AID-05 OES-07 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 DOE-11 SOE-02
GSA-02 AGRE-00 IO-13 /130 W
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TO SECSTATE WASHDC 9578

C O N F I D E N T I A L SECTION 1 OF 2 LA PAZ 1580

E.O. 11652: GDS
TAGS: AMGT, PEPR, XM, BL
SUBJECT: US GOALS AND OBJECTIVES FOR BOLIVIA: SUMMARY
OF IMPLEMENTATION PLAN

1. THE RAPIDLY CHANGING POLITICAL CLIMATE IN BOLIVIA DURING
1978, INCLUDING THE COUNTRY'S FIRST ELECTIONS IN 12 YEARS,
WILL CREATE NUMEROUS OPPORTUNITIES FOR ADVANCEMENT OF US
OBJECTIVES. PROGRESS REGARDING POLITICAL FREEDOMS AND OTHER
HUMAN RIGHTS HAS BEEN STRIKING IN RECENT MONTHS, WITH SUCH
DRAMATIC ACTIONS AS THE CALL FOR ELECTIONS, RELEASE OF ALL
POLITICAL PRISONERS, AMNESTY FOR EXILES AND REESTABLISHMENT
OF POLITICAL PARTY AND LABOR UNION RIGHTS. THE LONG,
DIFFICULT PROCESS OF RESTORING OPEN AND REPRESENTATIVE
GOVERNMENT--BEGINNING WITH MID-YEAR ELECTIONS, WILL BE KEY
TO CONSOLIDATING AND EXTENDING THIS PROGRESS. THE CARTER
ADMINISTRATION'S OVERT SUPPORT OF HUMAN RIGHTS AND POLITICAL
FREEDOM HAS BEEN, AND CONTINUES TO BE, A PART OF THE
ENVIRONMENT MOVING BOLIVIA TOWARD CONSTITUTIONAL GOVERNMENT.
WILE THE GYRATIONS OF BOLIVIAN POLITICS ON THE WAY TO
REPRESENTATIVE GOVERNMENT ARE LARGELY BEYOND OUR DIRECT
INFLUENCE, THERE ARE SOME REINFORCING ACTIONS WE CAN TAKE,
SUCH AS PUBLIC SUPPORT BY KEY USG OFFICIALS FOR BOLIVIAN
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ELECTIONS. BUT OUR INFLUENCE CAN BE MOST SIGNIFICANT IN
HELPING THE NEW GOVERNMENT TO DEAL WITH SERIOUS ECONOMIC
AND FINANCIAL PROBLEMS THAT WILL BE ITS FIRST AND PERHAPS
TIS MAJOR THREAT TO SURVIVAL. FORTUNATELY, THE BOLIVIAN
ECONOMY IS SMALL AND THE FINANCIAL PROBLEM IS, THEREFORE,
MANAGEABLE ON THE BASIS OF INSTRUMENTS AVAILABLE TO BOLIVIA
FROM ITS OWN AND INTERNATIONAL SOURCES. THE INSTRUMENTS WE

SHOULD EMPLOY ARE

--A \$90 MILLION, FIVE-YEAR PL-480 TITLE III PROGRAM TO DEMONSTRATE OUR SUPPORT AND TO HELP CONCENTRATE THE NEW GOVERNMENT'S INVESTMENT EFFORT ON THE RURAL POOR;

--SUPPORT FOR LARGE, MULTI-YEAR IMF FINANCING KEYED TO A PROGRAM TO STABILIZE THE BOLIVIAN FINANCIAL SITUATION AT A POLITICALLY TOLERABLE PACE;

--AN EFFORT, BY REPROGRAMMING, TO RESTORE THE FY79 AID PROGRAM TO AT LEAST THE LEVEL OF FY 77;

--INCREASED EXPORT-IMPORT BANK FINANCING FOR BOLIVIA, PARTICULARLY IN THE MINERALS AND PETROLEUM SECTORS;

--RESUMPTION OF OPIC INSURANCE PROGRAM TO HELP PUMP UP CONFIDENCE AND PRIVATE INVESTMENT;

--A GSA TIN STOCKPILE SALES POLICY WHICH AVOIDS DAMAGE TO BOLIVIA'S TIN-DEPENDENT ECONOMY.

IN LINE WITH OUR POLICY OF VALIDATING SIGNIFICANT HUMAN RIGHTS PROGRESS, THIS IS OUR MAIN OPPORTUNITY IN BOLIVIA THIS YEAR. THE FULL RANGE OF OUR IMPLEMENTATION PLAN IS AS FOLLOWS.

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I. RESPECT FOR THE RIGHT OF THE PERSON. REPRESENTATIVE GOVERNMENT ITSELF IS THE KEY TO CONSOLIDATING THE SIGNIFICANT PROGRESS OF RECENT MONTHS. WE WILL CONTINUE TO URGE THE MINISTER OF INTERIOR AND OTHER OFFICIALS TO ASSURE PERSONAL AND POLITICAL FREEDOM DURING THE ELECTION CAMPAIGN AND TO PREVENT POLICE AND SECURITY FORCE ABUSES. WE WILL PRESS FOR IMPROVEMENT IN THE GOB JUDICIAL SYSTEM. A SERIES OF LEADER GRANTS FOR JUDICIAL AND LEGAL PERSONNEL IS UNDER WAY AND ADDITIONAL GRANTS SHOULD FOLLOW. THROUGH TARGETED INFORMATION ACTIVITIES WE SHALL EXPOUND OUR CONCEPTS OF LAW AND JUSTICE TO DEEPEN UNDERSTANDING OF OUR MOTIVATION IN THIS FIELD. WE ARE URGING REMOVAL OF OBVIOUSLY INCOMPETENT JUDICIAL AUTHORITIES AND SHOULD OFFER SOME EQUIPMENT (TYPEWRITERS, COPY MACHINES, ETC.) TO HELP SPEED UP THE LEGAL PROCESS.

II. RETURN TO DEMOCRATIC GOVERNMENT. THE EMBASSY WILL CONTINUE ITS PERSONAL CONTACTS WITH KEY BOLIVIAN LEADERS IN THE GOVERNMENT, THE MILITARY, AND POLITICAL PARTIES TO ENCOURAGE AN ORDERLY AND HONEST ELECTION PROCESS AND SUPPORT FOR THE RESULTS BY ALL MAJOR FACTIONS. MAINTAINING THE ELECTION TIMETALBE AND ESTABLISHING A DURABLE GOVERNMENT WILL FACE MANY OBSTACLES. ELECTIONS HAVE NOT MET WITH POPULAR ENTHUSIASM AND

THERE ARE SIGNIFICANT ANTI-ELECTION FORCES, ESPECIALLY
WITHIN THE GOVERNMENT CABINET, SOME MIDDLE-GRADE MILITARY
AND THE PRIVATE BUSINESS SECTOR. THE EMBASSY PLANS TO
STRENGTHEN ITS PERSONAL CONTACTS WITH ANTI-ELECTION FORCES TO
HELP CONVINCE THEM THAT "DEMOCRATIZATION" SHOULD
PROCEED. IN THE NEAR TERM OUR MAIN TOOL WILL BE PROMPT
SIGNING OF A SMALL (100,000 TON) PL-480 TITLE III AGREEMTN
FOR DELIVERY IN THE JUNE-SEPTEMBER 1978 PERIOD. THIS,
COMBINED WITH THE PROSPECT OF THE MUCH LARGE (650,000 TON)
AGREEMENT AFTER ELECTIONS, WOULD BE CONCRETE EVIDENCE OF
INTERNATIONAL SUPPORT FOR BOLIVIAN PROGRESS, THEREBY BELYING
THE ARGUMENT OF ANTI-ELECTION ELEMENTS THAT DEMOCRACY WILL BE
AN ECONOMIC DISASTER FOR BOLIVIA. OVER THE LONGER TERM, OUR
EHLF IN CONSOLIDATING REPRESENTATIVE GOVERNMENT SHOULD INCLUDE
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--INCREASED MILITARY TRAINING AND EDUCATION (IMET), AND
MILITARY EXCHANGE AND VISITOR PROGRAMS. THESE ARE ONE OF OUR
BEST MEANS OF INFLUENCING THE MILITARY NOW AND IN
THE FUTURE TO SUPPORT DEMOCRATIZATION.

--. CONTINUED FMS CREDIT PROGRAM. THESE CREDITS HAVE
SUPPORTED, AND MOST LIKELY WILL CONTINUE TO SUPPORT, THE
MILITARY'S NATION BUILDING AND CIVIC ACTION ROLES, WHICH
WILL BE INCREASINGLY IMPORTANT TO THE MILITARY'S ROLE
SATISFACTION AS IT DEPARTS FROM THE GOVERNMENT. THE
PRECIPITOUS DECREASE IN FMS CREDITS FOR BOLIVIA FROM FY78

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(\$14 MILLION) TO FY79 (\$6 MILLION) IS HARMFUL TO THESE EFFORTS AND SHOULD BE REVERSED IF AT ALL POSSIBLE. THE DAMAGE FROM REDUCED FMS COULD BE MITIGATED IF THE TERMS OF FMS CREDITS FOR BOLIVIA WERE EXTENDED TO THE LEGAL MAXIMUM FOR NONLETHAL ITEMS.

--. INCREASED FUNDING OF VISITOR GRANT PROGRAMS.

-- USG SUPPORT WITH THE IMF, EBRD, IDB AND UNDP FOR CONTINUED EXTERNAL FINANCING OF BOLIVIA'S DEVELOPMENT PROGRAMS.

III. IMPROVED NARCOTICS COOPERATION. AS THE CAPACITY OF BOLIVIAN NARCOTICS POLICE INCREASES AND THE ENFORCEMENT EFFORT NECESSARILY INVOLVES MORE VIOLENCE, THE US ROLE IN ENFORCEMENT SHOULD DECLINE. DEA'S SUPPORT FOR TRAINING AND ROLE IN INTELLIGENCE CAN INCREASE AS CAN FINANCIAL SUPPORT FOR BOLIVIA'S ENFORCEMENT EFFORT.

CALENDAR 78 SHOULD BE THE DECISIVE POINT FOR LAUNCHING PHASE I OF A DYNAMIC CROP DIVERSIFICATION PROGRAM THROUGH OUR PLANNED AID LOAN, TO INCLUDE FUNDS TO PROMOTE COFFEE AND CACAO PRODUCTION AND IMPROVE RURAL INFRASTRUCTURE IN THE TWO COCA-GROWING AREAS BY MEANS OF ROADS, ELECTRIFICATION AND OTHER COMMUNITY SERVICES WHICH WILL HELP IMPROVED THE INCOME

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AND STANDARD OF LIVING OF THE COCA PRODUCERS IN PARTICULAR AND THE TOTAL POPULATION IN GENERAL.

IV. ECONOMIC COOPERATION AND DEVELOPMENT. FOR THE FIRST TIME IN YEARS WE HAVE THE OPPORTUNITY TO BEGIN TO MOVE BOLIVIA FROM HISTORIC SHOUTING ABOUT US TIN POLICY TO PRAGMATIC DISCUSSIONS OF WHAT KIND OF US TIN DISPOSALS AND WHAT KIND OF INTERNATIONAL TIN AGREEMENT ACTIONS COULD BEST ACCOMMODATE BOTH OUR INTERESTS. THE CRITICAL ACTION ON OUR PART WILL BE

-- WILLINGNESS TO REFLECT PRODUCER COUNTRY VIEWS IN US GSA DISPOSAL PLANS, PERHAPS BY AGREEING TO A SET, LONG-TERM GRADUAL DISPOSAL PROGRAM MODELED ON THE IMF'S PROGRAM OF GOLD SALES;

--SUPPORT FOR TIN EXPLORATION AND DEVELOPMENT IN BOLIVIA (OPIC, EXIM BANK, WORLD BANK IN PARTICULAR) TO CHANGE GRADUALLY THE COUNTRY'S ATTITUDE FROM THAT OF A SHORT-TERM PROFIT MAXIMIZER SELLING A DISAPPEARING RESOURCE TO THAT OF A SELLER WITH A GROWING SUPPLY AND A LONG-TERM MARKET TO TEND.

BILATERAL AND MULTILATERAL DONOR COORDINATION IS THE PRIMARY MEANS FOR URGING THE GOB TO CONCENTRATE ITS DEVELOPMENT ASSISTANCE PROGRAMS ON HELPING THE POOREST SECTORS OF THE POPULATION INTEGRATE INTO THE ECONOMIC AND SOCIAL LIFE OF THE NATION. AID PROGRAMS ARE AIMED DIRECTLY AT HELPING THE POOREST BOLIVIAN CAMPESINOS. THE EMBASSY WILL ENCOURAGE GOB OFFICIALS TO FOLLOW A POLICY OF TRADE LIBERALIZATION AND WILL SEEK TO MAINTAIN OR IMPROVE THE 33 PERCENT OF THE BOLIVIAN MARKET ACHIEVED IN 1977 THROUGH AN AGGRESSIVE COMMERCIAL ACTION PROGRAM.

V. REDUCING REGIONAL TENSIONS, ETC. WE PLAN TO EXPAND DIA-
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LOGUES WITH GOB OFFICIALS AND THOSE IN THE MILITARY TO DEMONSTRATE US CONCERNS FOR PEACE, STABILITY AND ECONOMIC AND SOCIAL DEVELOPMENT THROUGHOUT THE REGION AND TO ENCOURAGE CONTINUED PARTICIPATION IN BOLIVIA IN THOSE FORUMS, TREATIES, AND BILATERAL OR MULTILATERAL ARRANGMENTS WHICH HAVE LESSENING OF TENSIONS AS A GOAL. THERE IS A STRONG DESIRE AMONG MANY IN THE BOLIVIAN MILITARY TO RETURN TO THEIR TRADITIONAL MISSION AND GET OUT OF GOVERNMENT. WE SHOULD CONTINUE TO ENCOURAGE THIS EFFORT AND THE BOLIVIAN MILITARY'S EXEMPLARY RESTRAINT ON ARMS PURCHASES. SIMULTANEOUSLY, WE SHOULD PROVIDE MODEST SUPPORT TO THE MILITARY'S NATION BUILDING AND TRADITIONAL ROLES THROUGH INCREASED IMET LEVELS AND LARGER OFFICER EXCHANGE AND VISITORS PROGRAMS COMBINED WITH CONTINUED REALISTIC FMS CREDIT LEVELS. ALTHOUGH EMBASSY OFFICERS WILL CONTINUE TO EXPRESS USG INTEREST IN THE SEA OUTLET ISSUE TO SENIOR BOLIVIAN OFFICIALS, WE BELIEVE THAT DURING THE ELECTION CAMPAIGN THE PRESENT GOVERNMENT WILL BE UNLIKELY TO BEGIN ANY NEW INITIATIVES ON THE ISSUE UNLESS THE OPPOSITION MAKES THIS A MAJOR POINT OF ATTACH ON THE BANZER RECORD.

VI. CONDITIONS FOR PRISONERS. HERE, TOO, WE HAVE EXPERIENCED DRAMATIC PROGRESS IN THE LAST FOUR MONTHS. THIRTEEN AMERICANS HAVE BEEN RELEASED. THOSE DETAINED DURING THIS PERIOD FOR MINOR DRUG OFFENSES HAVE BEEN EXPELLED, RATHER THAN CHARGED. OUR MAJOR OBJECTIVES ARE TO CHANGE THE SYSTEM, TO CREATE ADDITIONAL OPPORTUNITIES FOR RELIEF, AND TO MAKE THE JUDICIAL SYSTEM WORK BETTER. WE SHOULD GIVE PRIORITY TO PROMPT IMPLEMENTATION OF THE TREATY ON EXECUTION OF SANCTIONS AND TO PRESSING THE GOB TO COMPLETE ITS REFORM OF THE NARCOTICS LAW. THE TREATY SHOULD PERMIT EARLY TRANSFER TO THE US OF THOSE PRISONERS MOST IN NEED OF SPECIALIZED PSYCHOLOGICAL AND MEDICAL TREATMENT. WE SHOULD WORK OUT A PROCEDURE FOR RETURN VIA THE TREATY, OF PAROLED PRISONERS TO THE US UNDER CONDITIONS NO LESS ONEROUS THAN THOSE WHICH PERTAINED TO RETURNING PAROLED PRISONERS PRIOR TO THE TREATY.

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VII. MULTILATERAL COOPERATION. AID/LA PAZ NOW MEETS REGULARLY WITH OTHER DONORS UNDER THE AUSPICES OF THE UNDP. THE SECOND IBRD CONSULTATIVE MEETING IS BEING PLANNED BY THE GOB. THE EMBASSY HOLDS FREQUENT CONSULTATIONS WITH FOREIGN MINISTRY OFFICIALS ON INTERNATIONAL FORUM ISSUES, AND WILL CONTINUE THIS PRACTICE.

VIII. BILATERAL COMMUNICATIONS. ONE OF OUR OPPORTUNITIES WILL BE TO HELP STRENGTHEN AN UNDERDEVELOPED GENERATION OF CIVILIAN POLITICAL LEADERS. THE LEADER GRANT PROGRAM IS ONE OF THE MOST EFFECTIVE MEANS. WE HOPE TO DOUBLE THE NUMBER OF LEADER GRANTS FROM 12 TO 24. WE WILL CARRY OUT A BROAD PUBLIC INFORMATION PROGRAM DESIGNED TO INCREASE UNDERSTANDING OF US POLICY, AND WILL TAKE EVERY OPPORTUNITY TO MULTIPLY THE CHANNELS OF BILATERAL COMMUNICATION BETWEEN THE PEOPLES OF BOLIVIA AND THE US.
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